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DEPARTMENT FOR EAP/MLS

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SUBJECT: REAFFIRMING THE "SPECIAL RELATIONSHIP," NEW LAO  
PRESIDENT TRAVELS TO VIETNAM

REF: VIENTIANE 526

Classified By: Charge d'Affairs Kristen Bauer, reason 1.4 (b) and (d).

¶1. (C) Summary: In his first major act since taking office Jun 8 (reftel), newly-selected President Choummaly Sayasone traveled to Vietnam June 19-22, meeting with the senior Vietnamese leadership. Almost immediately after his return to Laos, the President will turn around to travel to Beijing. Taken together, the two trips show that Laos' principal loyalties still lie with its two Communist neighbors -- but the Vietnamese relationship, unlike that with China, begins and ends with politics. End summary.

¶2. (SBU) According to the Lao press and our MFA contacts, President Choummaly traveled with a large retinue representing a broad range of the government, including new Foreign Minister Thongloun Sisoulith, outgoing Foreign Minister Somsavat, and a handful of other newly-appointed ministers from the economic ministries and Prime Minister's Office. During their four-day stay, the delegation met with Vietnamese Party Secretary Nong Duc Manh and President Tran Duc Luong, and traveled to Ho Chi Minh City before returning to Vientiane. President Tran also bestowed on Choummaly the Gold Star Order -- according to press reports the country's highest award -- for his many years' efforts to promote Lao-Vietnamese friendship. The visit, according to the press, was at the invitation of the Vietnamese Party Secretary and President, and marked Choummaly's first foray

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abroad since taking over the reins as President on June 8.

¶3. (C) After returning to Laos from Vietnam on June 22, the President is scheduled to visit China, at the invitation of the Chinese senior leadership. The government has been close-lipped about the visit, refusing to disclose the exact date of Choummaly's departure for Beijing. However, we understand from MFA that Foreign Minister Thongloun, who will accompany the President, will be in Vientiane "only a few days" before departing for China. Our Singapore Embassy colleagues understand the trip will take place between June 29 and July 3.

¶4. (C) Comment: Choummaly's trip to Vietnam was a predictable first act for the new Lao leader. More than anything, the visit was designed to highlight the officially still-strong "special relationship" that links Laos and Vietnam. In that context, it served principally to reaffirm the strong bilateral relationship and assure the world, as well as each

other, that Laos holds its ties with Vietnam paramount. By the same token, the Lao leader's planned trip to China at the end of June will reaffirm that, next to Vietnam, China is Laos' other treasured friend.

15. (C) But for all the hype about a "special relationship," the Lao-Vietnamese ties are a marriage of convenience, not love. Politics forms its base, not economics or culture. The Lao are anxious to promote trade and investment from Vietnam, but after more than thirty years the economic links between the two are still frail. Officially Vietnam is Laos' fourth-largest investor, but in reality there is little to show for it except a handful of factories of questionable profitability and a new hydropower project, the 250MW Sekaman 3, now under construction in remote Sekong province. On the street level, the Vietnamese are not popular with the Lao; many Lao blame the rising crime problem (and their missing dogs) on Vietnamese immigrants, an unknown number of whom are here illegally. The widely-held beliefs that the Lao leadership gives the Vietnamese special treatment over even the native Lao, and that the Vietnamese are pulling the strings of government, privately rankle even Lao officials who publicly extol their Vietnamese "brothers." End comment.  
BAUER